A Work Project, presented as part of the requirements for the Award of a Masters Degree in Management from the Faculdade de Economia da Universidade Nova de Lisboa.

Nestum VS Private Labels

A Renewed Identity for Nestum

Carla Andreia Rosa Duarte Teixeira de Andrade
N[er] 352

A Project carried out on the Children Consumer Behaviour Field Lab, with the supervision of:
Luísa Agante

6th January, 2010

I. Index

I. Abstract

This research has the main goal to recommend a renewed brand identity for Nestum, the leader in the milk&cereals' segment, to face the growing competition of private labels in this segment which are gaining market share at Nestum expense. To reach this renewed identity a detailed market analysis including nutritional information of products will be performed, including also the brand audit and the brand image collection of the different brands. To collect the brand image parents but also children (the main consumers of Nestum) will be taken into account when measuring brand image. Consequently, several methods used in child consumer behaviour and in brand management will be reutilized to measure brand image from a children point of view.

Keywords: children consumer behaviour, Nestum brand identity, brand image, private labels.

II. Introduction

The present research will focus in a specific brand, Nestum, which has been losing market share in the last few years to private labels with similar products; in fact, this problem has been affecting many national brands which are experiencing fierce competition from big retailers who launched similar products under the name of their retail chains. Even in times of economical crisis one has to remember that national brands exist because they deliver tangible and/or intangible benefits which are highly valued by consumers. This study has the purpose to explore a strategic way to face private labels which is sometimes forgotten by many marketers – the brand identity.

To reach the final brand identity a detailed market analysis including nutritional information of products will be performed, the brand audit will be collected as well as brand image will be portrayed. Moreover, this thesis will constitute progress in the field of brand management, being a pilot study in which not only parents but also children (the main consumers of Nestum) will be taken into account when measuring brand image. As a consequence, this research will also be an experiment in which various methods used in child consumer behaviour and in brand management will be mixed and reutilized to measure brand image from a children point of view. Brand image will be collected through interviews and questionnaires directed to parents; in what regards children, drawings, smiling face scales, collages among other techniques will be used during focus groups which will be conducted in schools.

This research in what concerns brand image and private labels, will also serve to demystify the idea that these products are bought only due to price reasons; moreover, it will be a learning experience in what concerns consumer's nutrition education and consumers' bias toward cereal flakes and its nutritional quality when compared with more traditional breakfast options.

Regarding Nestum, one concluded that the product's buying decision is shared among parents and children. Indeed, parents also have strong emotional associations to the brand and half of them are consumers. These facts cannot be neglected and should be expressed in the new brand identity.

III. Literature Review

Brand identity

Aaker and Keller expressed the idea that the first step to build a strong brand is to create and manage a brand identity (Aaker 1996; Keller 2003). A successful brand identity has to stand for the organization, its course of action now and in the future, to distinguish the brand from the competition and to resonate with customers (Aaker and Joachimsthaler, 2000). Kapferer (2008) claims *identity precedes image,* a brand must know precisely what to send and what means it has to use to send it in order for the identity to be well interpreted by consumers. There are multiple conceptualizations of brand identity being one of them the kapferer concept. He states that *Identity is what helps a Brand feel that it truly exists and that it is coherent and unique, with a history and a place of its own, different from others;* it encloses values and benefits that make the brand unique and able to change so as to match modern market diversity and trends.

Brand image

Park (1986) claims that a brand' to succeed relies on the carefully selection of brand identity, its handling when developing brand image, as well as, the assurance that identity is being effectively transferred by brand image. Moreover, Kapferer (2003) states that brand image's purpose is to establish a constant dialogue with customers, communicating brand relevant aspects from identity.

Marketing literature provides several brand image definitions being one of them Kapferer definition. Kapferer (2008) defines image as *a synthesis made by the public of all the various brand messages, e.g. brand name, visual symbols, products, advertising, sponsoring, (…)– an image results from decoding a message, extracting meaning, interpreting signs*; he states that Brand image emanates from two possible sources: brand identity and extraneous factors that come from outside of the brand.

Brand Positioning

Kapferer (2008) claims Identity and positioning are linked: *Positioning is competitive*; *it exploits a specific aspect of identity at a given point in time in a given market and against a precise set of competitors*; *a brand means emphasizing the distinctive characteristics that make it different from its competitors and appealing to the public;* it is a tool that facilitates the process of selecting a brand among many.

Positioning and image relationship is summed up by Kotler and Keller's (2006) statement: *Positioning means identifying and establishing points of parity and points of difference to establish the right Brand Image.*

Relationship between Brand Identity, Brand Image and Brand Positioning

In conclusion, all the three concepts are closely related and their relationship can be synthesized through the Theoretical model of Identity, Image and Positioning relationship. The importance of this model lies in the fact that it sees brand identity as a manageable construct; brand image is build up at the same time that identity is transmitted to consumers and positioning lies in between the concept of brand identity and image, being its function to communicate the relevant aspects of identity and to create a competitive advantage which can be seen by consumers and interiorized in the brand image. For further information on literature review please read appendix_1.

❖ Brand Audit - Brand Inventory& Brand Exploratory

- ***Secondary data collection and analysis***

1. Consumer trends

1.1 Economic downturn and its effect in private labels consumption

Major external factors are affecting the food&beverage trends being the economy downturn the most important one, affecting nearly the entire world; global consumer confidence has fallen to a record new low in the past six months, from 84 to 77 according to Ac Nielsen (2009) in 50 countries, including Portugal. More information on this subject is found in the appendix_2_2.1.

11.1 Portugal and private labels vs. manufacturer brands

Concerning Portugal, taking into account the survey made by Oak Brands, (2009) 41% of consumer already cut superfluous spending during the economic recession, being people valuing more price and products' utility than emotional value incorporated in products/brands; in addition, 40% of consumers claim they intend to become less attached to brands after the recession and only 3% of them will return to their past consumption habits, a downgrading trend is emerging. Consequently, 47% of consumers are substituting well-known brands by private label brands; the value of "discretion" becomes more relevant than that of "ostentation" in crisis times.

Still, 63% of consumers continue to be loyal to their favourite brands. This implies that the closer a product is perceived as a commodity, the more likely to be replaced by a similar cheaper product. According to previous findings, the appeal of the brand should be constructed in accordance with values of utility/usability, also emotional benefits can be constructed rationally and real value has to be added to brands/products.

1.2 Worldwide food trends

In 2009 there are major trends emerging in markets such as USA and UK in what regards food. The first one is a return to the Kitchen to avoid costly meals outside home and being a great way to reconnect with the family; this "scratch food" trend makes use of more cooking from raw ingredients and cutting costs in meat and fish; there will also be a focus in simple, tasty ingredients and comfort food, incorporating nostalgia and feel-good food from the past (foodwatchingTM from thefoodpeopleTM, 2008&2009); people want nutrition and convenience (AC Nielsen, 2006) in food being important pre-requisites to busy families when serving meals to their children; there is also an interest to know where food is produced not only due to safety reasons but also due to taste concerns; moreover, there is a health trend going on, people are choosing instant nutrition choices, less sugar in food, and natural food choices. Please read appendix_2_2.2 to find complete information on this topic.

1.2.1 Insights of consumer trends in the Portuguese market

Portuguese are also joining global trends such as the healthy trend being 73% of the respondents concerned with their physical well-being and a matching trend the "return to kitchen" which is emerging: "home is hot" is the new Portuguese trend and brands could benefit from replication of home values as in the group between 31-37 years, 42% of respondents agree that they are spending more and more time at home alone or entertain friends and family, once again nostalgia and a comfortable past when incorporated in brands is a factor influencing buying decisions (Oak Brands, 2009).

For further detailed information and a complete overview of the secondary data collection concerning topics such as "The regulatory environment in the food&drinks industry directed to children and consumer organizations' trends" as well as "Breakfast Cereal and oat milling Industries course of action" please read appendixes_3&4.

- ***Primary data collection and analysis***

1. *Nestum overview - Interview with Nestum Brand Manager*

Nestum is one of the strongest Nestlé brands, with more than 50 years of history, as it was pioneered in 1958 in Portugal, it is a market leader in its segment, representing the benchmark, and it has achieved a high loyalty rate throughout the years of its existence.

Nestum brand values are mainly its characteristic flavour, its energy and its modernity, being an old brand which is always up-dating it-self to follow the new consumer trends and their life-styles. Moreover, **Nestum personality** is in accordance with the values enclosed by the brand it has a young and up-to-date personality which conveys trust to its consumers.

Nestum products are consumed by various age groups (from young children to adults); nevertheless, it is true that the brand heavy-users are usually children. Even though children under 5 years old constitute the main **consumers**, Nestum's primary communication target are the children (from first to fourth grade) being the secondary communication target the children's mothers as the last decision in what regards buying or not the product is taken by them. The choice of the primary communication target is a strategic one based on marketing&scientific reasons related to each other; as to marketing reasons mothers of the target are really concerned with the daily energy requests of their children (for them to concentrate during classes, to play during break times etc) being Nestum for scientific reasons a product which is able to provide children with the necessary energy for them to be capable of facing the daily challenges.

"Nestum é o pequeno – almoço ideal para enfrentares os desafios do teu dia a dia com muita energia". **Nestum positioning statement** claims that Nestum competes in this category being its main point of difference the energy it provides, helping its consumers to have the necessary strength to face the daily challenges; the reason to believe is related to the use of wheat flour in Nestum production, which provides more than 80% of the daily need of carbohydrates, being carbohydrates the major source of energy of the human body and being also essential nutrients to start the day.

Nestum product belongs to the cereals&milk category; this is a product which is different from breakfast cereals and Cerelac. In terms of variety Nestum presents a diversified range of flavours not covered by private labels (which only hav honey, chocolate and/or rice flavours) which cater to different consumers' needs; its flagship product "Nestum mel" which sells about 84% of the total volume of Nestum's range.

Nestum is made with natural ingredients namely wheat flour and several vitamins necessary to a balanced diet. In conclusion, Nestum natural ingredients allied with its production method leads the product to be a nutritional balanced and energetic meal. For further information about this product, its price and distribution see appendix_5_5.1&5.2

Nestum, has developed several tools to communicate with its consumers concerning **promotion**. Albeit Nestum has always had a wide range of consumers it has constantly had as its primary communication target children between 6 and 10 years old, focusing its advertisings around concepts such as energy, well-being, family and products' quality. Nestum is always trying to catch the latest trend in children's habits, and to implement healthy habits in children's daily lives while passing the energy which characterizes it. For further information about Nestum's promotion see appendix_5_5.3.

2. *Cereals and milk category overview*

Cereals&milk category is mainly composed by cereal flakes being this segment composed by Nestum and private labels: Nestum has roughly 80% of the segment market share in value and private labels together compose the others 20%.The perfect substitutes of Nestum adopted a "me too strategy" belonging these products to some of the biggest retailers in Portugal: Continente, Auchan, Pingo Doce, Dia and Lidl.

Retailers are taking advantage from shelf space sin their hypermarkets, marketing economies of scales (several products advertised simultaneously) and retailers' brand recognition; they attract consumers through careful retailers' strategies: their images are being enhanced and balanced quality-price relationships are being communicated.

Moreover, these brands are becoming experts to spot cash-cows products from national brands and to develop a full strategy for each of their copied products; as Pingo Doce brand managers (Susana Norton and Leonor Andrada) claimed during an interview they already invest in the image of these products, in its packaging and already make multiple consumer studies to measure consumers' acceptability of the product in the market which include blind taste tests with similar products from different suppliers, tests to the nutritional quality of the products between others. Moreover, due to the crisis environment the price gaps which these brands offer become very attractive to consumers. Please see appendix_5_5.4 to finds prices practiced by the brands.

In what regards cereal flakes category specifically one can notice that packaging of the different private labels have several common elements to Nestum. Please go to appendix_5_5.5 to see packaging from private label brands. Moreover, private labels are trying to ensure the nutritional quality of their products through statements in the front side of the packaging about the vitamins that constitute the products. Furthermore, in what regards shelf space, brands like Auchan and Pingo Doce are occupying a big part of the shelves dedicated to cereal flakes making their brands more visible than Nestum brand. For images of shelf space please see to appendix_5_5.6.

The questions that should be analyzed are: Do people really distinguish private labels? Do consumers trust these brands in the same manner as they trust national brands such as Nestum? I expect to answer these and other questions during my thesis.

3. *Are cereal flakes a healthy choice among other breakfast choices?*

In order to have a comprehensive view about the cereals& milk category and more specifically about cereal flakes nutritional quality, an interview with Dr. Diana Cristina Oliveira Maia[1] was made. One of the main questions explored during the interview was related with cereal flakes' nutritional quality when compared with breakfast cereals.

From the analysis of the nutritional information per 100g of 5 breakfast cereals for children (Chocapic, Estrelitas, Golden Grahams, Nesquik and TRIO) and comparing with the information available from cereal flakes, one can conclude that cereals flakes have a nutritional benefit over the first ones. Indeed, even though children's breakfast cereals have advantages over cereal flakes, such as superior calcium, folic acid and fiber values, almost the double in most cases, they also reveal significantly higher values of sugar (about 10g plus) and a greater preponderance of saturated fats than cereal flakes. Consequently, breakfast cereals should be consumed less frequently.

Moreover, even if one compares the main values of Nestum regarding the daily recommended dose per consumption (salt, fat, sugar, energy) with the ones of more traditional breakfast options, one can see that Nestum presents less sugar and sodium and is not the menu with highest fat per dose; the only disadvantage is that it is the one which provides less energy; however, the variation energy percentage is only of 2% maximum. In conclusion, <u>one can state that cereal flakes can make part of a child's balanced diet and that they are on average a healthier breakfast option when compared with breakfast cereals.</u> To see information regarding the nutritional quality of cereal flakes and the rest of the interview please see annex_6.

[1] Dietician with a Degree in Dietetics and Nutrition at the Superior School of Health's Technology of Lisbon

❖ *Research Proposal & Objectives*

- ***Marketing Question& Research Problem***

To assess Nestum and its main competitors brand image in the Portuguese market and gain understanding on brands' perceived quality.

To understand current consumer's perceptions (users and non-users of Nestum, buyers and non-buyers of Nestum), beliefs and associations regarding the market of milk&cereals category but also regarding the brand.

- ***Research Objectives***

⇒ Understand why Nestum is losing market share for private labels;

⇒ Understand perceptions of the brands and their image;

⇒ *What* – Their expectations of the product usage, the need it satisfy;

⇒ *When* – The purchase frequency, when do costumers consume the different brands;

⇒ *Why* – Why do the customers prefer or not prefer Nestum.

❖ *Methodology*

- ***Research design/Data collection method and forms***

1. *Low level versus High level considerations*

As emphasized by Keller (2003) brand associations can be classified between lower-level considerations linked to consumer perceptions of specific performance and imagery attributes and benefits against higher level considerations associated to overall judgments, feeling and relationships. As children are Nestum main target, they were given a particular emphasis in this study, higher and lower level associations were studied from their perspective; on the contrary, as parents are mainly the buyers not the consumers, only the lower-level considerations of this group were mainly studied.

2. *Qualitative Research*

An exploratory research based on Qualitative research direct to children and parents was done.

Qualitative research with children use a Direct Approach Procedure named focus group. I will use techniques including a dichotomous question, direct questions, smiling face scales drawings, picture interpretations and collages.

A questionnaire made only with dichotomous scales was used to initiate the focus groups; the purpose of this activity was to see if children considered other cereal flakes brands when the one/ones they usually consumed was/were not available. **A Drawing activity** where the kids draw the packaging of one of the cereal flakes' brands they usually eat was also performed; the goal was to understand which were the most important attributes to children when choosing a product, through its packaging. **A smiling face scale** was used to analyze if children like or do not like which product based on 4 characteristics: smell, brand, taste and packaging. **Pictures interpretations** were performed: children had to choose among many pictures, which had people with different ages as well as lifestyles the one which best fit each brand concerning its typical consumers. **Collages** were done in order to disclose brands' personality as well as how children describe the typical consumers of each brand: 10 adjectives and their antonyms were used to describe personality, 3 physical characteristics and their antonyms were used to describe a person's physical appearance and 6 of the children's main daily activities were taken from an INE study (O Tempo das crianças – 2002) were used to describe a person's daily activities. To better understand the choice of the method and techniques used with children please read all the information contained in appendix_7 until 7.5.Moreover, when developing the materials used in the focus groups one children capabilities were considered. Find information on this topic in appendix_8.

Qualitative research directed to parents used a Direct Approach Procedure named In-depth interviews.

According to the categories of depth interviews considered by Smith (1998), semi-structured interviews were used which employ "pre-start questions which the interviewer cannot change, but the respondents may reply using their own words".

3. Quantitative Research

A Descriptive research yielding quantitative data through a structured survey research was directed to parents, to systematize and validate qualitative information given by in-depth interviews. A survey was conducted to do an overall brand evaluation, using 7 point likert scales. Occasions of use and frequency of consumption were also evaluated through the survey; frequency of consumption was measured using multi-choice questions. In what regards price-quality relationship a specific likert scale was applied (Dodds, Monroe and Grewal, 1991). Please refer to appendix_7_7.6 frr further reading on the topic of interviews and survey as techniques used in this study.

4. Topics being analyzed

The topics being analyzed in qualitative and quantitative research were mainly 3: Consumer Behaviour (related to children), Perceptions (related to both parents and children) and Buying Behaviour (related to parents). In the first topic frequency and occasion of consumption, reasons which influence cereals' choice and frame of reference of Nestum were analyzed; in the second topic strengths and weaknesses and price-quality perceptions of each brand were discussed; in the third topic reasons which influence cereals' purchase as well as who (between parents and children) most influences these products' purchase were also disclosed. Please see annex_9 to have access to the interview script, its results, questionnaire and focus groups' script.

- ***Sample***

1. ***Children & Parents' samples***

In the children's case, only 3 focus groups were done given the insufficient number of private labels' consumers to perform 4 of them; consequently 2 focus groups of 6 Nestum consumers each were composed and only 1 focus group with 7 private labels' consumers was made; the children all had 6 to 10 years old and new about Nestum . Focus groups were done inside schools to improve ecological validity (Greig, Taylor & MacKay, 2007). For further information on this topic please see appendix_10_10.1.

Convenience samples were used to perform interviews and questionnaires to parents. The interview's sample was composed of 4 parents of children in the target based on accessibility, ease, speed, and low cost this sampling method provides (Saunders, Mark, 2009). This sampling method was also used to conduct the survey to ensure that characteristics of interest are represented in the sample as it would be very difficult to have a representative sample for each of the private label brands as they only represent 20% of market share in value. Find more information on this subject including ethical issues, and places used to increase sample size on appendix_10.2to10.4.

- ***Data Analysis Techniques***

SPSS statistical software was used to analyse the survey and focus groups' data and Excel was used to perform the graphical analyses.

Given some restrictions in what regards survey answers, even if not entirely correct from a statistical point of view, different samples were compared only based on conjoint distributions and frequency tables. In what regards the focus groups, given the small sample size only frequency tables were computed and drawings were qualitatively analyzed. Please look for appendix_11 to understand restrictions found during the survey as well as how codification was handled in the survey and focus groups data.

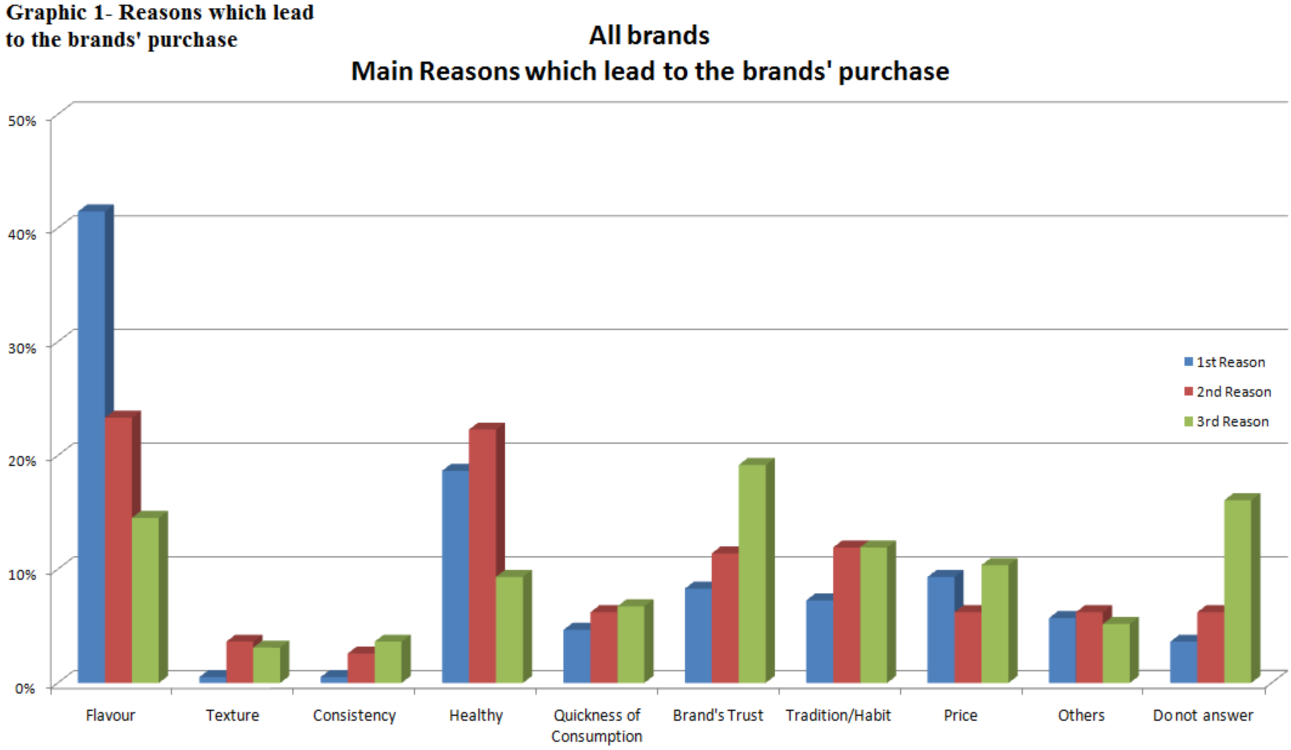
- ***Questionnaire Analysis – Parents***

1. *Sample composition*

The sample collected with the questionnaires (193 valid questionnaires) is composed by a high share of Nestum purchases (87,6%) due to the high market share of Nestum; Continente and Pingo Doce are the next brands most represented in this sample (13,5%), followed by Auchan (6,7%). Lidl and Dia present insignificant percentages and will not appear in the parents' brand image analysis. Please refer to appendix_12_12.1&12.2 to see the graphical analysis concerning sample composition and category name analysis.

2. *Main reasons that lead to Cereal flakes' purchase*

Graphic 1- Reasons which lead to the brands' purchase



Cereal flakes purchasers were also questioned about the most important reasons that lead them to buy cereal flakes products. To analyse this question purchasers of the several brands were grouped together by the brand(s) which they purchased.

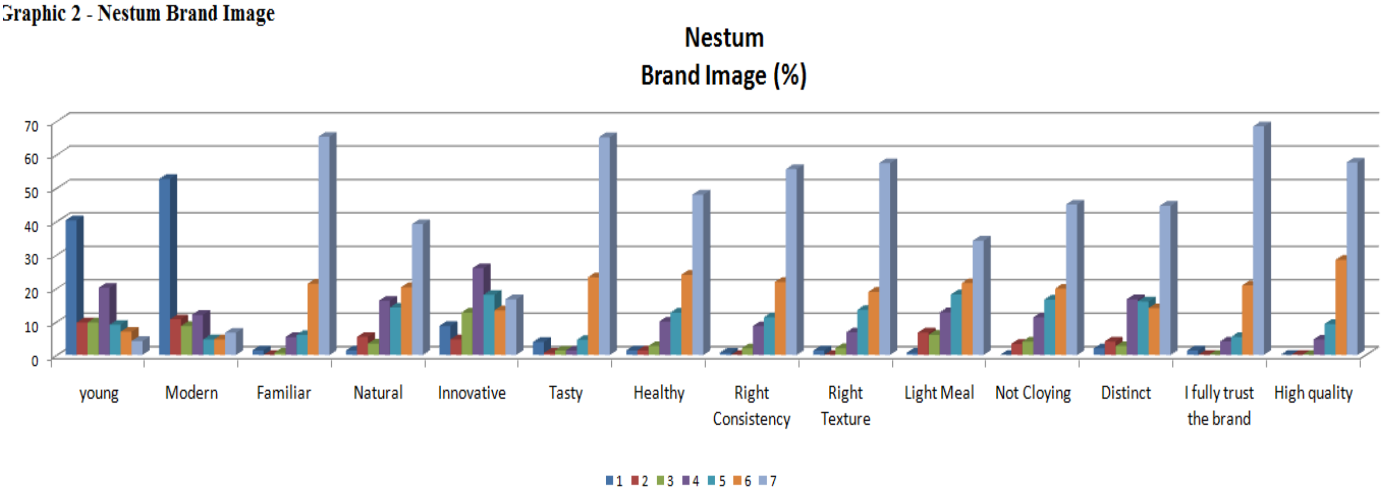
One can say that flavour, price and healthy were the main reasons that led cereal flakes' buyers in general to purchase these products, however private label brands shown some purchasers who already pointed out tradition/Habit and brands' trust as major reasons that influenced them to buy these products. These facts can be an indicator that Nestum maybe loosing some of its consumers private labels not only due to price reasons but also due to consumers starting to feel private labels are a good substitute in terms of flavour and the healthy aspects and due to the fact they start to trust these kinds of brands. Please refer to appendix_12_12.3 to further detailed information regarding main reasons that leads each brand cereal purchasers to buy these brands and graphical analysis on this topic.

3. *Product and brand evaluation*

Regarding Nestum brand image one can notice that it was a favourable one as almost all the topics regarding the product's quality the brands' quality and brands' trust have had a very high relative frequency in the highest scores.

In fact, this brand on average was the one with the best image from the brands analyzed. Moreover, it is important to state that Nestum consumers thought Nestum was a very familiar brand an old one in the sense that it exists in the Portuguese homes for more than fifty years but "a very actual brand" as 80% of the consumers referred.

Graphic 2 - Nestum Brand Image



However, even though the majority of the consumers felt this product should be preserved with its original recipe (the flagship product – *Nestum Mel Clássico*) and that the brand should be truthful to its origins, maintaining many of its packaging aspects unchanged for example, the innovation score suffered, being buyers confused regarding this aspects, as they were not sure if Nestum was or was not an innovative brand; indeed, in what regards innovation, Nestum was one of the worst brands with similar scores to Continente. In what regards Nestum main weaknesses one can say that they were mostly related to the product, more specifically in what refers the product being perceived as not cloying and as a light meal; indeed, even though these aspects achieved high scores, on average they were worst than private label scores (except in what concerns Pingo Doce's scores in the not cloying option). Furthermore, albeit Nestum was the brand with the best score in the natural aspect (40%), it could try to emphasize its natural ingredients, to assure parents about Nestum nutritious quality.

As a conclusion, one can say that regarding brand image, Nestum and private labels were very similar to each other which pose a big threat to Nestum. Please refer to appendix_12_12.4 to more information on each brand image.

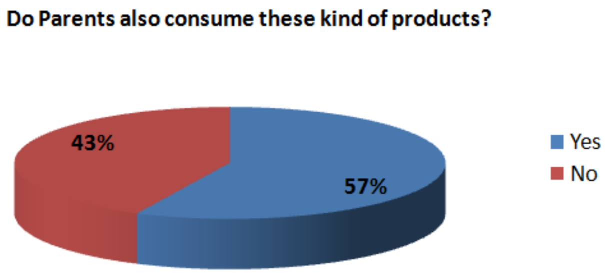
5 . Price-quality relationship

All brands under analysis achieved high scores in what regards the price-quality relationship as well as in what concerns the value of the product alone. However, one can claim that Nestum is the worst brand in this analysis.

To sum up, if one considers <u>Nestum as one of the brands with the worst quality price – relationship</u>, one can conclude that Nestum has to take measures to ensure that in the future more price sensitive buyers will not switch to private labels. Please refer to appendix_12_12.5&12.6 to find more information on price-quality relationship and to know about consumption patterns of each brand.

7. Parents as consumers

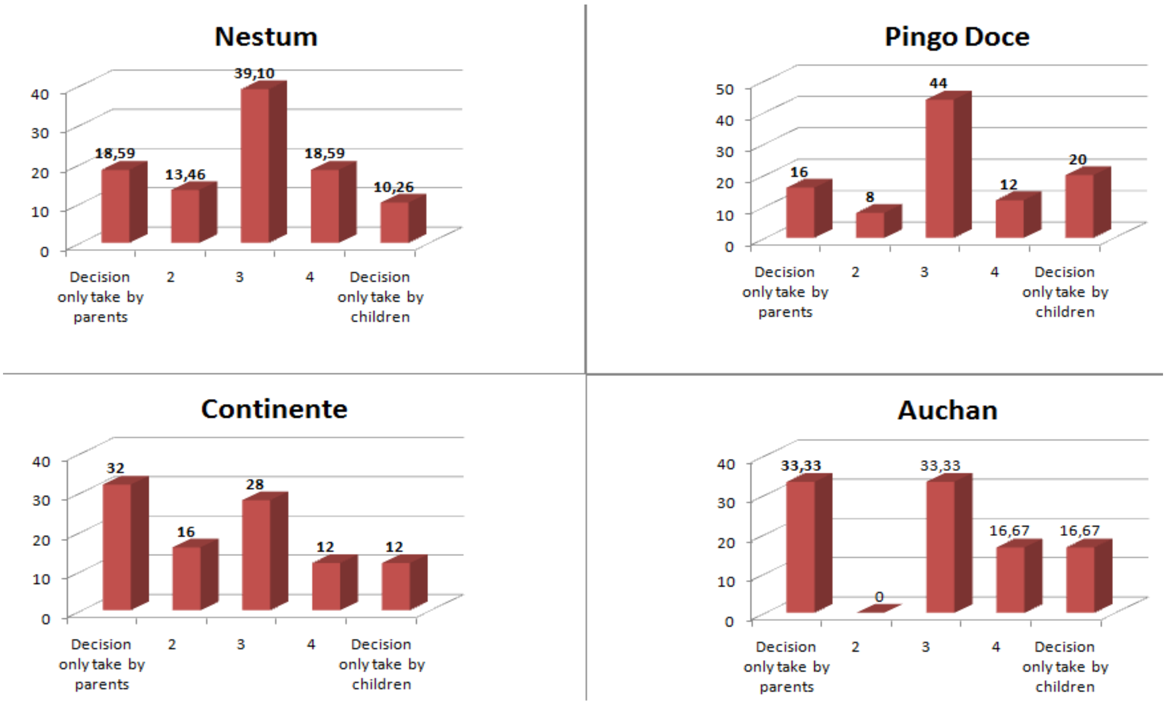
Surprisingly, more than half of the parents' sample also consumed cereal flakes which can be seen an opportunity to Nestum to perceive these consumers also as an important target and not only as purchasers of the brand; instead of convincing parents that Nestum cater their children's needs in terms of energy a broader message should also be sent to consumers such as "the family breakfast option to all family".



Graphic 3 - Parents as consumers

8. Who influences the most cereal flakes purchase

Nestum and Pingo Doce have products which are usually bought by influence of both parents and children; Continente and Auchan also have products which usually are bought by influence of both parents and children but also that are bought only by parents' influence.



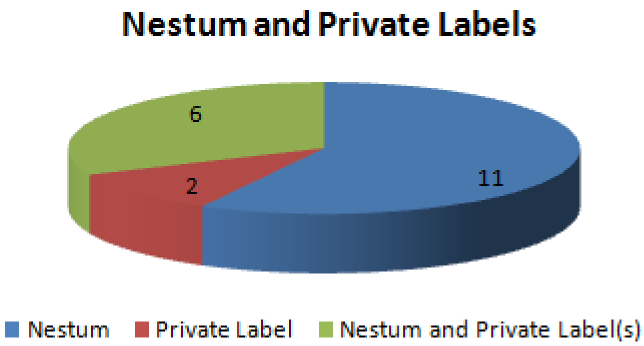
Graphic 4 - Who influences the most cereal flakes purchase

• *Focus groups' analysis - Children*

In general, the performed analysis divided children in three different groups when considering Nestum brand: Private labels' exclusive consumers, Nestum exclusive consumers and Nestum and private labels' simultaneous consumers. However, when private labels were being analyzed consumers were divided in 2 different groups: consumers and non consumers of the brand. Furthermore, there were brands which were only considered from non-consumers point of view.

1. Sample composition

In what concerns private labels only 2 of them were private labels' exclusive consumers (from the brand Dia) and 6 were simultaneously Nestum and private labels' consumers (also ate Pingo Doce and/or Continente).Please refer to appendix_13_13.1 to see graphical analysis of the sample and a detailed analysis on this topic.



Graphic 5 - Sample

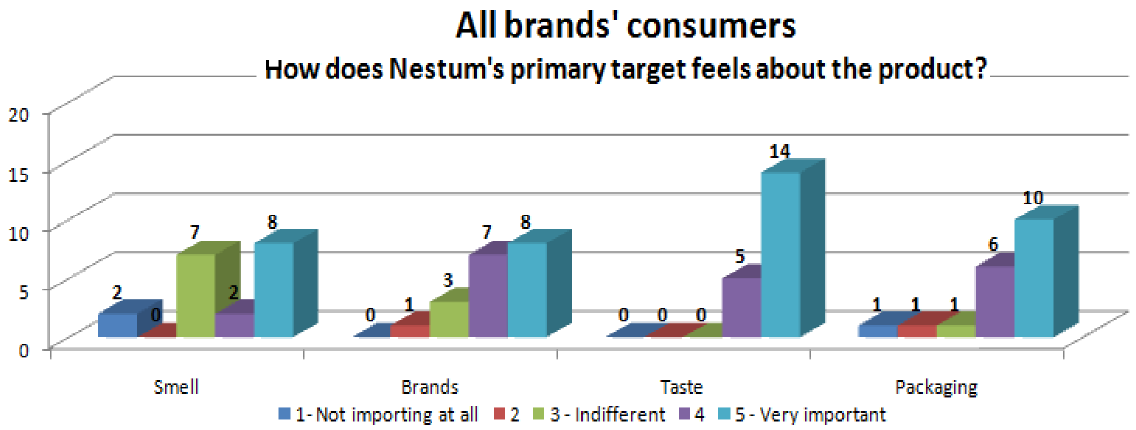
2 .Brands' substitutability

Surprisingly, <u>consumers exclusively of Nestum were the ones that were more predisposed to consume private label brands if Nestum was not available in the supermarkets/Hypermarkets.</u> However, it is important to notice that the analysis made concerning consumers exclusively of private labels was not an accurate one given that only two children compose this sample. Please refer to appendix_13_13.2 to see further information on this topic including graphical analysis.

3. *Main characteristics that lead children to choose between cereal flakes' brands*

When asked about what influenced them the most when choosing cereal flakes more than 70% of the kids referred taste, chocolate or Honey ingredients. Moreover, the packaging was also referred 40% of the times as "something needed to carry the cereal flakes" or "to distinguish the different brands" as well as wheat, the brand itself given that "the brand help us to know which is the product we usually like to buy". Other characteristics that children referred less frequently were vitamins, like iron, calcium, the energy it provides, the healthy aspect claiming that "the product has to be healthy" and products price as "products cannot be too expensive".

Children were also asked to rate the importance of 4 characteristics when choosing these products: Smell, brand, taste and packaging; taste was the most important aspect to children as expected, followed by packaging, brands and smell respectively.



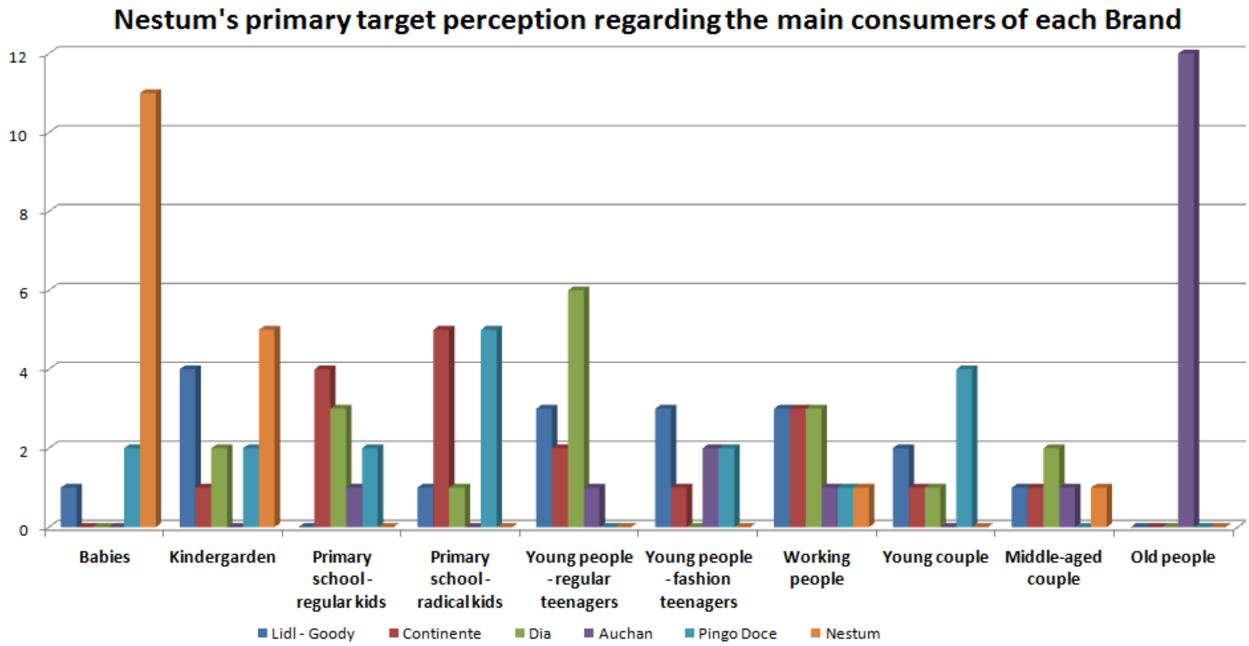
Graphic 6 - Nestum Brand Image **and Image**

3. *Product and brand evaluation*

Product and brand evaluations were made based on the 4 characteristics mentioned above. From all brands being studied, in general Nestum and Auchan have the weakest brand and products images, even though children gave on average good scores to all brands in the 4 characteristics being studied. Please refer to appendix_13_13.3 to see further information on this topic including graphics and information of each brand.

5. Consumers' perceptions regarding each brand primary consumer

Nestum was mainly associated to babies and kindergarten children which poses a big threat to the brand, given that brands like Continente, Pingo Doce and Dia have been perceived as brands more appropriate for the target studied. Please refer to appendix_13_13.4 to see graphical representation on the subject and more on children's perceptions regarding each brand typical consumer and their pictures' interpretation.



6. Packaging's drawings analysis

18 cereal flakes' packaging drawings were made by cereal flakes' drawings from Nestum, Pingo Doce, Dia's packaging and Continente's packaging were made.

Figure 1 - Nestum Drawing

Nestum consumers who draw Nestum packaging were the only ones who were able to describe more than the front side of the box and were able to remember more elements of the packaging (even taking into account that private labels' packaging are less complex having less elements). However, there were 2 drawings in which a bowl appeared which indicates this breakfast's utensil is important to children when choosing a packaging. Nestlé logo was not referred in these drawings.

This aspect reveals children lack of spontaneous awareness to this brand when linked to Nestum. Surprisingly only children which were drawing Nestum packaging did not drew the honeycombs which appear in the packaging.[2].

In general, all children correctly identified the primary colours of the different packaging,[3] In addition, the primary elements present in children's drawings are related with the brands' logos, the main ingredients of the products like honey, chocolate, wheat (only in Continente drawings it did not appear maybe cause it was a single drawing) and some honey utensils such as the honey stick. Please refer to appendix_13_13.5 to find more information on this subject and see children's drawings.

7. *Brands' typical consumer personality & Brand Personality*

Nestum, children's ideas were grouped as belonging to one of three groups: exclusive consumers of the brand, consumers of the brand and private labels and non consumers (or exclusive consumers of private labels). The three groups agreed that a typical consumer of this brand would be slim, beautiful, kind and happy. The majority of the children agreed Nestum was an active and energetic brand , answers like loves to play in the park, doing sports and being agitated confirm it. However, there is some confusion regarding this aspect in what concerns non consumers.

However, it is important to state that private label descriptions were not so accurate as Nestum ones, given the development stage in which they are (they presented difficulties thinking from another person's perspective); which is also related to the fact that they were not able to differentiate between brand personality and brand's typical consumer. Please refer to appendix_13_13.6 to see consumers/brands' personality and children's collages.

---

[2] Dia drawings also do not present honeycombs because Dia's packaging does not have this element.

[3] Even though children who draw Dia packaging were the least accurate ones due to the high complexity of colours present in this packaging.

❖ Recommended Brand Identity

J. Kapferer (2008) idealized the prism of brand identity as formed by six elements - physic, relationship and reflection *(the social facets which give the brand its outward expression*), personality, culture and self-image *(which enclose brand's spirit*).

In order to face competition from private labels an upgraded identity will be recommended to Nestum which will take into account aspects of Nestum brand image when compared with private labels, several new market trends which seem to be enduring ones, as well as the different stakeholders' positions in this market.

In focus groups, children emphasized the importance of packaging so, the **physical** part will be mostly dedicated to children; parents are represented in this facet due to their healthy concerns expressed during the study, being also a current market trend.

Relationship, will take both views of parents and children into account, being parents concerned with the energy this product provides to its children and its natural ingredients as expressions of health, while both of them really enjoy the products' taste and share a meal together.

Customer reflection is a facet entirely dedicated to parents given that children did not have the capacity to think in their ideal selves as well as their social ideal selves[4]; in addition, they expressed during the focus groups a special interest in functional benefits rather than in emotional ones, also due to the development stage which they are facing; this facet mainly expresses the idea that convenience is becoming a must to parents; nowadays, parents want to feel they provide a healthy meal experience to their children in the lowest possible time which all the family can enjoy.

[4] Ideal self is defined as the image of oneself as someone would like to be (Belch & Landon 1977; Dolich 1969) while the ideal social self-concept denotes the image that one would like others to hold (Sirgy 1982)

The **culture** of Nestum expresses part of Nestlé culture, *“Good Food, Good Life”* balanced meals to people with balanced lifestyles; moreover, Nestum inserts in the feel good food from the past trend and nostalgia, where parents and children share the same products passed from generation to generation, being upgraded to cater new flavours and trends, and where a sense of family links this product to many Portuguese homes.

Customer **self-image** includes both parents and children’s visions. Parents are mainly concerned with providing a healthy practical meal to children which they can enjoy together, while children only connect themselves emotionally with the brand through the energy concept, as both (Nestum and children) in the eyes of children are active; moreover, other aspect referred during focus groups was the playful aspect which should be incorporate in this facet as another expression of the energy concept.

Nestum **personality** should continue to reflect trust, as it is one of the most valuable characteristic to parents; moreover, an energetic and funny personality should be evident in the tone of voice when Nestum communicates with their youngest consumers. Moreover, given that questionnaires showed the innovation score of this brand is being injured, versatility and modernity should become key concepts to the brand, never forgetting however, its roots from the past.

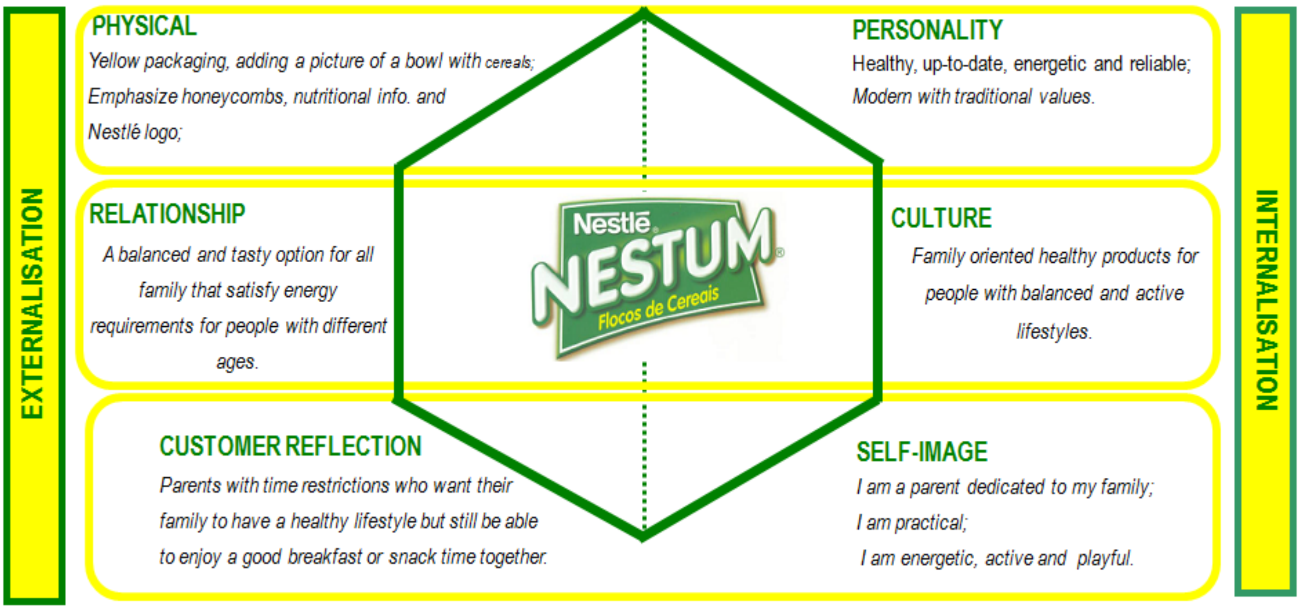


Figure 2 - Nestum Brand Identity

EXTERNALISATION

Physical

- Yellow packaging - Represents honey, is associated with a distinct image.
- Add picture of a bowl with cereal flakes in it to make the product more appetizing and also emphasize honeycombs in the packaging to attract children.
- Emphasize nutritional information – to highlight the nutritional quality of the product. E.g.: "É bom conhecer" – in the backside of the packaging compare Nestum values of sugar, fat, energy and fibres with the values of more traditional breakfast options to demystify the concept that these are always healthier options.
- Nestlé logo as a quality certification for Nestum should be emphasized; this linkage should be also spotted by children not only by parents.

Relationship

- A balanced tasty option for all family, satisfying energy requirements for different aged people;
  - Tasty and healthy meals that can be consumed at any time of the day giving the right energy to people face their daily challenges.

Customer Reflection

- Parents with time restrictions who want their family to have a healthy lifestyle but still be able to enjoy a good breakfast or snack time together.
  - Balanced food together with practicality is a must for parents concerned with their children health but also with family quality time.

INTERNALISATION

Personality

- ❖ Healthy, up-to-date, energetic and reliable; modern with traditional values.
  - Nestum is a versatile person which conveys trust to its consumers and buyers but, at the same time, has a young personality, being active and funny when communicating with its consumers. Nestum is also a healthy person concerned with its well being which prefers to eat nutritious and natural ingredients.

Culture

- ❖ Family oriented healthy products for people with balanced and active lifestyles.
  - Nestum is an authentic brand which is part of the Portuguese breakfast routes; it inspires it-self in simple ingredients, in recipes from the past who had passed from one generation to another and which wants to reunite families as in the old times together at the table; however, Nestum is also an updated brand which understand nowadays time restrictions and healthy requirements and which has been innovating to cater these new needs

Self Image

- ❖ I am a parent dedicated to my family;
- ❖ I am practical;
- ❖ I am able to cater all my daily challenges: provide my children's with a healthy breakfast or snack which they enjoy, while spending time with them, without failing to meet my work requirements;
- ❖ I am energetic, active and playful: I enjoy doing many activities.

V. Limitations and Future Research

The biggest limitations in this research have to do with samples and the sampling method used to collect it. The samples used were small and were convenient sample so, bias can take place as the cases appear in the sample only because of the ease of obtaining them; consequently population can be misrepresented by the sample and subsequent generalizations are likely to be flawed; indeed, there were even cases where it was impossible to study some private label brands due to the lack of cases and, in the case of interviews, only consumers of Nestum were heard; consequently, the questionnaire was mostly based on their opinions.

Another limitation in the study has to do with the economic and social context to which focus groups children belonged to; indeed, both schools used to do focus groups were private consequently, some insights (e.g.: price) might not have been fully explored. In addition, to have a comprehensive view of Nestum image it would be useful to study the perspective of non-consumers of the milk&cereals category.

Regarding, future research, brand identity should be explored in order to be able to cater children views. It would be useful to operationalize the use of brand self-connections, given that children are the main consumers of several food industries and as they exert pester power over their parents influence buying, their views about the relationship they have with brands should be explored in order that brands be able to improve their identities in areas such as self-image and relationship (from Kapferer model). Moreover, scales to describe brand personality should also be developed to apply in children context, using more concrete attributes. Furthermore, studies in the brand management area, involving a shared vision between parents and children should also be developed with the purpose of including the whole view of the brand and all its interactions instead of developing two partial views of the problem as in this study.

VI.References

- Aaker, D.A. 1991. *Managing Brand Equity*, The Free Press, New York, NY.
- Aaker, D. A. 1996. *Building Strong Brands,* New York: Free Press
- Aaker, D.A. and Joachimsthaler, E. (2000), *Brand Leadership*, The Free Press, New York, NY.
- Aaker, D. A. 2002. The Internet as integrator: Fast brand building in slow growth market. *Strategy + Business, 28*, 48-57
- AC Nielsen 2005 - The Power of Private Label in Europe: An insight into consumer attitudes
- AC Nielsen 2006- Consumer Insight: The Future of Health and Wellness
- AC Nielsen 2007- "The Hard Discounter Report - An Overview of Aldi and Lidl in Europe"
- AC Nielsen, Bimonthly (Jun-Jul 2007), sales in value
- AC Nielsen 2008 – "Shoppers Count on the Discounters"
- AC Nielsen 2009- "Global Consumer Confidence, Concerns and Spending"
- AFLOC - http://www.afloc.eu
- ARS (Associação de Rugby do Sul) - http://www.arugbysul.pt/docs/577.pdf
- Barenboim, C. 1981. "The Development of Person Perception in Childhood and Adolescence: From Behavioural Comparisons to Psychological Constructs to Psychological Comparisons," *Child Development,* 52 (March), 129-144.´
- Belch, George E. and E. Laird Landon, Jr., 1977. Discriminant Validity Of A Product-Anchored Self-Concept Measure, *Journal of Marketing Research, 14* (May), 252-256.
- Bertrais S et al (2000), "Contribution of ready-to-eat cereals to nutritional intakes in French adults. Relations with corpulence." *Annals of Nutrition and Metabolism 44: 249-255*

• CEEREAL mission - http://www.ceereal.eu/asp/about_ceereal/org_mission.asp

• CEEREAL, 2008 – "CEEREAL position on the Commission working document on the setting of nutrient profiles dated 22 October 2008, annex 2 and 3"

• Consumers International, 2008 – "Cereal Offences: A wake-up call on the marketing of "unhealthy" food to children"

• APAN, 2005. "Código de boas práticas na comunicação comercial para menores (September 2005 ".

• Daymond, C. and Holloway, I. 2002. Qualitative Research Methods in Public Relations and Marketing Communications, Routledge, viii, 293 p

• De Chernatony, L. (2002) "Would a brand smell any sweeter by a corporate name?", *Corporate Reputation Review*, Vol.5, No.2/3, pp.114-132.

• De Chernatony, L. and M. McDonald (2003), *Creating Powerful Brands in Consumer Service and Industrial Markets*. Oxford:Butterworth Heinemann (3rd edition)

• De Chernatony, L. and Chartered Institute of Marketing 2001. *From brand vision to brand evaluation: strategically building and sustaining brands.* Oxford, Boston: Butterworth-Heinemann;. xv, 293 p.,

• De Chernatony, L. 1999. "Brand Management Through Narrowing the Gap Between Brand Identity and Brand Reputation," *Journal of Marketing Management,* 15 (January/ April), 157-179.

• Dodds, W.B., Monroe, K.B., Grewal, D. 1991. "Effects of price, brand, and store information on buyers' product evaluation", *Journal of Marketing Research*, Vol. 28 pp.307-19.

• Dolich, I., 1969. Congruence relationships between self-images and product brands, *Journal of Marketing Research, 6*, Feb, 80-84

- Robert Koch Institute, 2005 - *EsKiMo* –“the nutrition module in the German Health Interview and Examination”. *Survey for Children and Adolescents (KiGGS)*- http://www.kiggs.de/experten/downloads/dokumente/kiggs_engl.pdf
- Kellogs, 2006 – "Étude petit déjeuner pour Kellogg’s réalisée par le Credoc 2006 (base de l’enquête CCAF 2004) "
- European Commission Health and Consumers Directorate-Gerale, 2009 - http://www.senat.fr/europe/subsidiarite/11_03_2009/Texte.pdf
- European Regulation (EC) No 1924/2006 on Nutrition and Health Claims, which came into effect on 1 July 2007
- Evaluation technical notes, UNICEF evaluation office, April 2002
- FoodwatchingTM from thefoodpeopleTM 2008 and 2009

  Fwts12008trendpredictions.pdf - 2008

  http://www.youtube.com/watch?v=Q1EaEjia2xU – 2009
- Gibson & O'Sullivan 1995. “Breakfast cereal consumption patterns and nutrient intakes in British school children”. *Journal of Royal Society of Health,* 115 (6): 366-370.
- Gioia, D. A.; Thomas, J. B. 1996. “Identity, image and issue interpretation: sensemaking during strategic change in academia. *Administrative Science Quarterly;* nº 41, p. 370-403
- Ginsburg, H.; Opper, S. 1988. *Piaget's Theory of Intellectual Development,* Englewood Cliffs, NJ: Prentice-Hall.
- Greenbaum Thomas L., *The Handbook for Focus Group Research*, Sage Publications, Inc, 1998
- Greig, A., Taylor, J. & MacKay, T. (2007) *Doing Research with Children* (2nd edition). London. Sage.

- Gregory, J., Lowes, S., Bates, CJ. et al 2000. "National Diet and Nutrition Survey: Young People aged 4 to 18 years" Volume 1: Report of the Diet and Nutrition Survey. HMSO, London.
- INE - O Tempo das Crianças (2002) http://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_destaques&DESTAQUESdest_boui=71466&DESTAQUEStema=00&DESTAQUESmodo=2
- International Obesity Task Force, 2004
- Irish National Children's Food survey 2003-2004 - http://www.iuna.net/index.php/research/childrens-food-survey
- Baker, M. J., 2003.*The Marketing Book*, Butterworth-Heinemann.
- John, D. R., 1999. "Consumer Socialization of Children: A Retrospective Look at Twenty-Five Years of Research"**,** *Journal of Consumer Research*, Vol. 26 No.3 December, pp.183-213.
- John, D. R., and Nguyen C. L. 2005. "The Development of Self-Brand Connections in Children and Adolescents"**,** *Journal of Consumer Research,* Vol. 32, p. 119-125.
- John, D. R., 1981. "Age Differences in Children's Responses to Television Advertising: An Information Processing Approach," *Journal of Consumer Research,* 8 (September), 144-153
- Johnson, V.; Hill, J. and Ivan Smith, E. (1995) *Listening to Smaller Voices: Children in an Environment of Change.* Somerset: Actionaid.
- Kapferer, J.-N. 2008. *The New Strategic Brand Management: Creating and Sustaining Brand Equity Long Term.* London: Kogan Page.
- Kapferer, J.-N. , 2004. *The New Strategic Brand Management*, London: Kogan Page.
- Kapferer, J.-N., 2003. *Strategic Brand Management,* Upper Saddle River, NJ: Prentice-Hall.

- Keller, K. L., 1993. "Conceptualizing, Measuring, and Managing Customer-Based Brand *Equity," Journal of Marketing.* 57 (January), 1-22.
- Keller, K. L., 2006. “Strategic Brand Management Process,” in *Perspectives of Modern Brand Management*, ed. Dr Franz-Rudolf Esch.
- Keller, K. L., 2003.*Strategic Brand Management,* Upper Saddle River, NJ: Prentice-Hall.
- Knapp, D.E., 2000. *The Brand Mindset*, McGraw-Hill, New York, NY.
- Kotler P., Armstrong G., Saunders J., Wong V., 2003. Rinkodaros principai. Kaunas:Poligrafija ir informatika.
- Kotler, Ph. And Kevin L Keller (2006), *Marketing Management,* 12th edn, Upper Saddle River, Nj: Prentice Hall
- Kuzel, A.J., 1999. *Sampling in qualitative inquiry. In Doing Qualitative Research* (eds B.F. Crabtree & W. L. Miller), 2nd edn, pp. 33-45. Thousand Oaks, Sage
- Lightfoot, J. & Sloper, P., 2003. “Having a say in health: involving young people with a chronic illness or physical disability in local health service development”. *Children and Society*, 17, 277-290
- Marketing food to children: Changes in the Global Regulatory Environment 2004-2006
- Marshall, MN, 2006. “Sampling for qualitative research”, ‚*Family Practice,* 13: 522-525
- MCneal, J.U. and Ji, M.F., 2003. “Children’s visual memory of packaging”, *Journal of Consumer Marketing*, Vol.20, nº5
- Meffert, H; Burmann, C., 1996a. *Towards an identity-oriented approach of branding*. Pitelis, C.(Hrsg.), Cambridge, Cambridge.
- Mensink GB, Kleiser C, Richter A.; 2007. “Food consumption of children and adolescents in Germany: Results of the German health interview and examination survey for children and adolescents” (KIGGS). *Bundesgesundheitsblatt Gesundheitsforschung Gesundheitsschutz*. 2007;50:609-623.

- Mentzer, J. T., Daniel J. F., and G. Tomas M. Hult, 2001. “Logistics Service Quality as a Segment Customized Process,” *Journal of Marketing*, 65 (October), 82-104.
- Morrow, V., 1996b. “If you were a teacher, it would be harder to talk to you: reflections on qualitative research with children in school”,*International Journal of Social Research Methodology*, vol. 1 no 4, pp 297-313.
- Milne, G.R., 1997. “Consumer participation in mailing lists: a field experiment”, *Journal of Public Police and Marketing* 16 (2), 289-309D
- Noble, C. H., Mokwa, M. P., 1999. Implementing marketing strategies: Developing and testing a managerial theory, *Journal of Marketing, 63, 4-57*
- Oak Brands 2009 – “Gen X e Gen Y Portuguesa” - www.oak-brands.com
- Park, C.W., Jaworski, B. J., & Maclnnis, D.J., 1986. “Strategic brand concept-image Management”, *Journal of Marketing*, 50(4) October.
- Patton, M., 1990. *Qualitative Evaluation and Research Methods*. Newbury Park, Sage.
- Punch, S. (2002) ‘Interviewing Strategies with Young People: The “Secret Box”. Stimulus Material and Task-based Activities’, *Children and Society,* 16: 45-56.
- Sandelowsky, M., 1995. ” Focus on qualitative methods: sample size in qualitative research”. *Research in Nursing and Health*, 18, 179-83
- Saunders, Mark, Lewis, Philipe and Thornhill Adrian, 2009. *Research Methods for Business studies,*. Person Education Limited,
- Selman, R. L., 1980. *The Growth of Interpersonal Understanding,* New York: Academic Press.
- Sirgy, M. J., 1982. Self-Concept in Consumer Behavior: A Critical Review, *Journal of Consumer Research, 9* (December), 287-300.
- Slater, SF & Narver, JC 2000, `Intelligence generation and superior customer value', *Journal of the Academy of Marketing Science*, vol. 28, no. 1, pp. 120-27.

- Shocker, Allan D., Rajendra K. Srivastava, and Robert W. Ruekert, 1994. "Challenges and Opportunities Facing Brand Management: An Introduction to the Special issue," *Journal of Marketing Research.* 31 (May), 149-5
- Smith, D., 1998. *Designing Market Research Studies: Handbook of Market and Opinion Research*, 4th edn, ESOMAR, Amsterdam
- The European Heart Network, 2005, "The marketing of unhealthy food to children in Europe: A report of Phase 1 of the 'Children, obesity and associated avoidable chronic diseases' project."
- Upshaw, Lynn B., 1995. *Building Brand Identity: A Strategy for Success in a Hostile Marketplace,* New York: John Wil
- Vargo, Stephen L., and Robert F. Lusch , 2004. "Evolving to a New Dominant Logic for Marketing," *Journal of Marketing,* 68 (January), 1-17.
- Volatier J.-L. (coordonnateur) ,2000. *Crédoc, Afssa, Ministère de l.Agriculture et de la Pêche, Enquête INCA individuelle et nationale sur les consommations alimentaires, Ed. Tec & Doc.*
- Walker, A. (Office for National Statistics), 2000. "National diet and nutrition survey: young people aged 4-18 years", Vol. 2 - Report of the oral health survey
- Ward, S., Larry, L., Goldstine, J., 1999. "What high-tech managers need to know about brands", *Harvard Business Review*, No.July-August, pp.85-95.
- World Health Organization, 2004. *Global strategy on diet, physical activity and health.* GSDPAH, 46(3), WHA 2004 A57/9. World Health Assembly, Geneva, May 2004.
- Zatz, D., 2000. "Create effective email surveys", *HR Magazines* 45, 97-103